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# NATIONAL LIFE OF CANADA



SEVENTIETH ANNUAL REPORT

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Nineteen Hundred and Sixty-eight

## STATEMENT OF ASSETS AND LIABILITIES

December 31

1968

1967

### ASSETS

Government of Canada bonds.....	\$ 5,967,732	\$ 3,848,054
Provincial and municipal bonds.....	11,868,200	10,592,694
Corporate bonds.....	24,319,351	22,852,780
Other bonds.....	6,315,737	5,576,660
Bonds.....	48,471,020	42,870,188
Preferred stocks.....	1,574,163	1,152,016
Common stocks.....	8,247,209	6,754,670
First mortgage loans.....	84,703,297	79,322,612
Policy loans.....	5,915,889	5,382,521
Real estate held for investment.....	2,264,697	1,408,760
Invested assets other than separate funds.....	151,176,275	136,890,767
Cash.....	728,567	1,115,376
Premiums receivable.....	1,407,631	1,529,521
Home office property.....	879,175	868,771
Interest due and accrued.....	1,601,281	1,368,241
Other assets.....	433,128	273,907
Total assets other than separate funds.....	156,226,057	142,046,583
Separate funds.....	35,204,047	26,923,218
Total assets.....	\$191,430,104	\$168,969,801

### LIABILITIES, CAPITAL AND SURPLUS FUNDS

Provision for future guaranteed benefits.....	\$129,250,462	\$119,221,353
Provision for claims pending.....	2,791,083	2,609,348
Provision for policyholders' dividends.....	1,927,093	1,677,277
Amounts left on deposit by policyholders.....	6,645,796	5,863,636
Short-term indebtedness.....	891,338	323,693
Other liabilities.....	670,024	615,233
Total liabilities other than separate funds.....	142,175,796	130,310,540
Capital stock - 100,000 shares of \$10 par value.....	1,000,000	1,000,000
Investment and contingency reserves.....	2,225,000	2,225,000
Surplus.....	10,825,261	8,511,043
Total capital and surplus funds.....	14,050,261	11,736,043
Separate funds.....	35,204,047	26,923,218
Total liabilities, capital and surplus funds.....	\$191,430,104	\$168,969,801

M. W. McCUTCHEON  
*Chairman of the Board*

J. A. RHIND  
*President*

### Notes

1. Bonds are carried at amortized cost or less and stocks at cost or less, except for those included among assets held for separate funds, which are carried at market value. At December 31, 1968 these values in the aggregate are less than those authorized by the insurance law of Canada.
2. Home Office property is shown after deducting a mortgage of \$120,825 in 1968 and \$141,229 in 1967.
3. \$1 U.S. is treated as equivalent to \$1 Canadian, £1 Sterling as \$2.40 Canadian and \$1 West Indies and 1 Guilder as \$.50 Canadian. If current rates of exchange had been used, there would have been no material change in surplus funds shown.  
At December 31, 1967 £1 Sterling was treated as equivalent to \$3 Canadian and \$1 West Indies as \$.625 Canadian. For comparative purposes the 1967 figures in these financial statements have been adjusted to reflect the 1968 book rates of exchange. As a result of this change, the Canadian dollar equivalent of assets and liabilities in Sterling and West Indies dollars were reduced by approximately \$2,000,000 and surplus funds at December 31, 1967 were reduced by \$64,026.



## STATEMENT OF INCOME

Year ended December 31	1968	1967
<b>INCOME</b>		
Insurance and annuity premiums.....	\$ 25,252,847	\$ 24,459,448
Interest, dividends and rents.....	9,454,924	8,562,995
Total.....	<u>34,707,771</u>	<u>33,022,443</u>
<b>DISPOSITION OF INCOME</b>		
Death and disability benefits.....	8,125,730	7,219,675
Matured endowments and surrender benefits.....	5,177,101	4,889,451
Annuity payments.....	881,785	742,761
Interest on deposits by policyholders.....	288,279	241,746
Provision for future guaranteed benefits.....	10,029,109	10,534,691
Other benefit payments.....	350,535	287,100
Sub-total - Benefits paid or provided for (excluding dividends to policyholders).....	24,852,539	23,915,424
Commissions.....	1,835,250	1,707,478
General insurance expenses.....	4,158,517	3,911,013
Taxes (excluding Canadian income taxes).....	441,267	432,172
Investment expenses.....	604,942	527,463
Total.....	<u>31,892,515</u>	<u>30,493,550</u>
Operating income before dividends to policyholders.....	2,815,256	2,528,893
Less dividends to policyholders.....	1,536,290	1,211,661
Operating income.....	<u>\$ 1,278,966</u>	<u>\$ 1,317,232</u>

## STATEMENT OF CAPITAL AND SURPLUS FUNDS

Year ended December 31	1968	1967
Operating income.....	\$ 1,278,966	\$ 1,317,232
Realized capital gains and losses.....	1,035,252	623,780
Canadian income taxes.....	—	(7,353)
Total.....	2,314,218	1,933,659
Capital and surplus funds beginning of year.....	11,736,043	9,802,384
Capital and surplus funds end of year.....	<u>\$ 14,050,261</u>	<u>\$ 11,736,043</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

We have examined the statement of assets and liabilities of The National Life Assurance Company of Canada as at December 31, 1968 and the statements of income and capital and surplus funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the provisions for future guaranteed benefits and for policyholders' dividends were determined and certified by the Company's Actuary.

Based on our examination and the certificate of the Actuary, we report that in our opinion these financial statements present fairly the financial position of the Company as at December 31, 1968 and the results of its operations for the year then ended.

CLARKSON, GORDON & CO.  
Chartered Accountants

TORONTO, CANADA, JANUARY 24, 1969



## OUR PROGRESS AT A GLANCE

	1968	1967
New Life Business.....	\$ 184,832,820	\$ 119,297,998
<i>Comprising</i>		
Individual.....	94,457,038	93,765,770
Group Insurance.....	82,199,786	22,677,800
Group Annuity.....	8,175,996	2,854,428
Life Business In Force.....	1,735,341,984	1,571,693,576
<i>Comprising</i>		
Individual.....	603,741,353	567,748,545
Group Insurance.....	778,789,915	670,042,583
Group Annuity.....	352,810,716	333,902,448
<i>(All figures net of reinsurance ceded)</i>		
Premium Income.....	25,252,847	24,459,448
Investment Income excluding profits.....	9,454,924	8,562,995
Benefits Paid or Provided For.....	26,388,829	25,127,085
Total Assets.....	191,430,104	168,969,801
Net Earned Interest Rate.....	6.20%	6.18%
Capital and Surplus.....	14,050,261	11,736,043

## BOARD OF DIRECTORS

HON. M. WALLACE McCUTCHEON, P.C., Q.C.\*  
*Chairman of the Board*

HAROLD R. LAWSON\*  
*Vice-Chairman of the Board and  
Chairman of the Executive Committee*

JOHN A. RHIND\*  
*President*

LAWRENCE C. BONNYCASTLE\*  
*Vice-President*

HON. JOHN B. AIRD, Q.C.

DONALD C. CARLISLE

GEORGE I. DAVIS\*

BARRY B. HAYES

HON. LIVINGSTON T. MERCHANT

EDWARD P. NEUFELD

COL. SIDNEY C. OLAND, V.D., LL.D.

CLAUDE PRATTE, Q.C.

HAROLD W. THOMSON

FRANK S. VANSTONE

NATHAN H. WENTWORTH

WILLIAM P. WILDER\*

\*Member of the Executive Committee

## THE NATIONAL LIFE ASSURANCE COMPANY OF CANADA

Head Offices: Canada

522 University Avenue, Toronto

United States

291 Glen Street, Glens Falls, N.Y.

## REPORT OF THE BOARD OF DIRECTORS



**Business Transacted** – New individual life business of \$94,457,038 surpassed the previous year by a small margin (see page 1 for comparative figures). New group life business of \$90,375,782 was substantially greater, bringing total new life business to \$184,832,820, a gain of 55% over 1967. Life business in force increased by \$163,648,408 to \$1,735,341,984, a gain of 10.4%. The sale of equity-type products continued to make a significant contribution to new individual business. During the year, in response to a growing demand, an Equity Endowment Policy was introduced. As is the case with the Equity Life Policy, assets equal to one-half the policy reserves are invested in the Company's separate common stock fund.

**Sterling Devaluation** – As a result of the drop in official rates of exchange for sterling currencies, our book rates of exchange have been adjusted. In the 1968 statements, £1 sterling is treated as equivalent to \$2.40 Canadian and \$1 West Indies as \$0.50, in both cases a reduction of 20% from the book rates used in previous years. The new business, business in force and financial statement figures are affected by the change. Comparative figures for 1967 have been adjusted to reflect these rates, resulting in a reduction of \$64,026 in the December 31st, 1967 surplus account.

**Assets** – Assets, exclusive of separate funds, increased 10% to \$156,226,057. The aggregate value of securities, as authorized by the insurance laws of Canada, exceeded the values at which they were carried on the books by \$430,161. During the year the bond portfolio was increased by \$5.6 million and mortgages by \$5.4 million. An aggressive common stock policy was followed with transactions totalling \$10.2 million, resulting in net sales of \$315,000 in terms of market value. Profits of \$1.7 million were realized on these transactions, while unrealized common stock profits increased \$1.1 million. Substantial losses were taken on the sale of bonds in the United Kingdom, reducing total net capital gains to \$1,035,252, a figure greatly in excess of profits realized from security transactions in any previous year. Additional equity investments have been made in real estate lease-backs which are reflected in the \$855,937 increase in the real estate account.

The net rate of interest earned on the Company's assets, after deducting expenses, was 6.20%. In addition to the assets referred to above, separate fund assets, held for corporate pension and other plans, increased by \$8,280,829 to \$35,204,047.

**Operating Results** – Income from premiums and investments increased by \$1,685,328 to \$34,707,771. Death and disability benefits were \$8,125,730 with mortality experience running at what would appear to be a normal rate. General insurance expenses of \$4,158,517 increased \$247,504, or 6%. Dividends to policyholders increased \$324,629 to \$1,536,290. Operating income, after dividends to policyholders, declined \$38,266 to \$1,278,966.

**Capital and Surplus** – After including \$1,035,252 realized on the sale of assets, capital and surplus funds increased by a record \$2,314,218 to \$14,050,261.

**Directors and Officers** – It was with regret that the directors accepted the resignation of George D. Mead. His place as a shareholders' director has been filled by Nathan H. Wentworth, Vice Chairman, The Continental Corporation. F. Martin Crispo, formerly Treasurer, was appointed Vice-President and Treasurer.

**Appreciation** – We would like to express once again our appreciation to the staff and field force who have contributed so much to the growth of the Company.

M. W. McCUTCHEON  
*Chairman of the Board*

J. A. RHIND  
*President*

## BRANCH OFFICES AND AGENCIES

BRITISH COLUMBIA.....	Vancouver	W. R. PENN, C.L.U.	<i>Branch Manager</i>
	Vancouver South		
ALBERTA.....	Calgary	G. D. PETRIE	<i>Branch Manager</i>
	Edmonton	R. H. DYCK	<i>Unit Manager</i>
MANITOBA.....	Winnipeg	L. GARRISON, C.L.U.	<i>Branch Manager</i>
ONTARIO.....	Downsview	J. BRODSKY INS. AGEN. LTD.	<i>General Agent</i>
	Hamilton	V. F. BOWSHER	<i>Branch Manager</i>
	Kitchener	G. B. MCLEAN	<i>Branch Manager</i>
	Ottawa	P. NEUDORF	<i>Branch Manager</i>
	Toronto Canasco	CANASCO INS. AGEN. LTD.	<i>General Agent</i>
	Toronto Central	L. P. CHAO	<i>Branch Manager</i>
	Toronto East	J. A. DEVEY	<i>Branch Manager</i>
	Toronto M & O	M & O INS. AGEN. LTD.	<i>General Agent</i>
	Toronto North	C. W. NUSCA	<i>Branch Manager</i>
	Toronto Simcoe	L. J. D'ALTON	<i>Branch Manager</i>
	Toronto South	G. L. JOEDICKE	<i>Branch Manager</i>
	Woodstock Sibley	D. E. SIBLEY	<i>General Agent</i>
QUEBEC.....	Montreal Island	Y. H. McDUGALL	<i>Branch Manager</i>
	Montreal Uptown	CHARNEY-MILLER ASSOC. LTD.	<i>General Agent</i>
	Mount Royal	A. KING, C.L.U.	<i>Branch Manager</i>
	Quebec City	J. A. ROY, C.L.U.	<i>Branch Manager</i>
	Sherbrooke	J. R. DUGAL	<i>Branch Manager</i>
NOVA SCOTIA.....	Halifax	S. A. BUSHELL, C.L.U.	<i>Branch Manager</i>
NEWFOUNDLAND.....	St. John's	T. B. MURPHY, C.L.U.	<i>Branch Manager</i>
ARIZONA.....	Phoenix	R. L. UDELL	<i>Manager</i>
CALIFORNIA.....	Los Angeles	G. A. CHURCH	<i>Manager</i>
	San Francisco	A. G. BALLANTINE	<i>Zone Life Agency Manager</i>
CONNECTICUT.....	Hartford	G. W. PERKINS	<i>Life Agency Representative</i>
FLORIDA.....	Jacksonville	F. TUCKER	<i>Manager</i>
ILLINOIS.....	Chicago	P. G. DURYEA	<i>Manager</i>
INDIANA.....	Indianapolis	G. GILKERSON	<i>Life Agency Representative</i>
KENTUCKY.....	Louisville	W. C. BLUNK	<i>Life Agency Representative</i>
MARYLAND.....	Baltimore	W. H. CAULFIELD	<i>Life Agency Representative</i>
MASSACHUSETTS.....	Boston	G. W. PERKINS	<i>Life Agency Representative</i>
NEW JERSEY.....	Newark	R. J. MORGOSH	<i>Manager</i>
NEW YORK.....	Albany	J. A. MESSINA	<i>Life Agency Representative</i>
	Buffalo	C. C. MILLER	<i>Life Agency Representative</i>
	New York City	G. L. DELORME	<i>Regional Life Agency Manager</i>
	Rochester	W. F. COLGAN	<i>Regional Life Agency Manager</i>
	Syracuse	G. L. DELORME	<i>Regional Life Agency Manager</i>
NORTH CAROLINA.....	Raleigh	A. A. Patricia	<i>Life Agency Representative</i>
OHIO.....	Columbus	T. A. PERRY	<i>Life Agency Representative</i>
PENNSYLVANIA.....	Philadelphia	G. GILKERSON	<i>Life Agency Representative</i>
	Pittsburgh	J. GALASSO	<i>Life Agency Representative</i>
TENNESSEE.....	Nashville	R. F. DONEY	<i>Manager</i>
VIRGINIA.....	Richmond	W. C. BLUNK	<i>Life Agency Representative</i>
BERMUDA.....	Hamilton	T. A. PERRY	<i>Life Agency Representative</i>
WEST INDIES.....	Jamaica	A. A. POWELL	<i>General Agent</i>
	Caribbean Agencies	N. E. BINGHAM	<i>Branch Manager</i>
	Barbados	J. V. GONSALVES	<i>General Agent</i>
	Curacao and Aruba	K. D. G. FROST	<i>Manager</i>
	Trinidad	C. F. GUILLEN	<i>Manager</i>
		A. F. GONSALVES	<i>Manager</i>
		N. N. M. GUILLEN	<i>Production Manager</i>

## EXECUTIVE OFFICERS

H. R. LAWSON, F.S.A., F.C.I.A.  
*Vice-Chairman of the Board and  
 Chairman of the Executive Committee*

F. M. CRISPO  
*Vice-President and  
 Treasurer*

J. K. WILLIAMS, Q.C.  
*Vice-President and Secretary*

G. M. DRURY  
*Vice-President-  
 Administration*

HON. M. WALLACE McCUTCHEON,  
 P.C., Q.C., A.S.A.  
*Chairman of the Board*

C. T. P. GALLOWAY,  
 F.S.A., F.C.I.A.  
*Vice-President and Actuary*

T. R. FOSTER  
*Secretary - U.S.A.*

J. A. RHIND  
*President*

R. G. HENDERSON  
*Vice-President and  
 Director of Agencies*

W. W. BUCHANAN  
*Secretary - U.S.A.*